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E.O. 12958: DECL: 09/08/2018 TAGS: <u>ENRG EPET PREL PGOV UZ RS</u>

SUBJECT: UZBEK DEPUTY FM DENIES GAS DEAL SIGNED WITH RUSSIA

REF: MOSCOW 2633

Classified By: P-E Chief Nicholas Berliner for reasons 1.4 b/d.

- 11. (C) In a September 8 meeting with Ambassador, Uzbek Deputy Foreign Minister Nematov denied that Uzbekistan had "signed" an agreement with Russia for construction of a new gas pipeline during Russian PM Putin's Sept. 2 visit to Tashkent. Nematov said that talks were on-going with Russia on the issue, but added that "there's always talk of pipelines."
- 12. (C) The proposed pipeline is intended to carry 30 bcm/year and would follow the right of way of an existing Soviet-era pipeline from Turkmenistan, through Uzbekistan and Kazakhstan, to Russia. Russian companies are actively developing fields in Uzbekistan, increasing Uzbekistan's potential to export a resource that, until now, has largely gone to domestic consumption.
- 13. (C) Comment: Nematov's remarks seem to indicate that the GOU is in no particular hurry to reach a deal, surprising given the backdrop of Russian political pressure over Georgia that the GOU has thus far resisted. Nevertheless, we should not assume that Uzbekistan, landlocked and anxious to diversify its economy, will not find Putin's promise of "European pricing" for its gas too sweet to resist. The Russian Ambassador noted to us on Sept. 10 that he certainly expects a deal ultimately to materialize.